

**MINUTES
REGULAR MEETING
UTILITY SERVICE BOARD
MAY 16, 2005**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, May 16, 2005.

The meeting was called to order by Chairman Greg A. Krodel who presided.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Greg A. Krodel – Chairman
Mike Harder – Vice Chairman
Ken Sendelweck – Secretary
Michael A. Schwenk – Electric Commissioner
Jeffrey S. Theising – Water Commissioner
Edward J. Kreilein – Wastewater Commissioner
Alex Emmons – Gas Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Windell Toby – Electric Generation Manager
Thomas A. Lents – Wastewater Manager
Michael A. Oeding – Gas & Water Manager
Kenneth R. Schultz – Business Manager
Sandy Hemmerlein – City Attorney

PLEDGE OF ALLEGIANCE (A-22)

Chairman Greg Krodel led the Pledge of Allegiance.

APPROVAL OF MINUTES (A-31)

Chairman Greg Krodel presented the minutes of the April 18, 2005 meeting and there being no corrections or amendments, asked for a motion to approve. Mike Schwenk made a motion to approve the minutes of the April meeting as presented. Jeff Theising seconded the motion. Motion approved, 7-0.

JASPER HIGH SCHOOL – REQUEST FOR POLE ATTACHMENTS (A-47)

Mike Gibson, Tech Coordinator for Greater Jasper Schools, came before the Board to request approval for approximately 43 pole attachments to connect three Elementary Schools by fiber optic connection to the High School and the Middle School.

Jerry Schitter met with Terry Nicholson of Electricom (the contractor for the High School) to discuss the pole attachment request. Mr. Nicholson contacted Verizon & Insight to inform them of the request and they did not have a problem with it.

Schitter said Jasper High School presently has 65 pole attachments in place, which were added in 2003. Schitter said the annual pole attachment fee was waived at that time and the school is requesting waiving the annual fee for the new attachments as well.

Schitter said he and Jim Reuber are satisfied that the High School has met all of the necessary requirements to move forward with the project.

Sandy Hemmerlein stated they did receive permission to be in the public right of way from the Board of Public Works and the pole attachment agreement states if they are to cross any private property, where the City is there by means of a public utility easement, the High School is required to obtain their own approval to be on that property since they are not considered a public utility.

Hemmerlein stated there may still be costs associated with moving lines, etc. to prepare for this project, and the City has no intention of waiving those costs. Jerry Schitter said any future maintenance costs would also be billed to the School Corp.

Ed Kreilein made a motion to allow Jasper High School to attach communication lines for the school system and to waive the annual fees, subject to signing the pole attachment license agreement, which includes the insurance requirements. Alex Emmons seconded the motion. Motion approved, 7-0.

PETITION TO VACATE PUBLIC ALLEY – VICTORY VILLA 6TH ADDITION (A-209)

Pat Mullen, representing John & Marilyn Thyen, came before the Board to request the vacation of a public alley in Victory Villa 6th Addition, which runs east and west between 36th St. and 37th St.

Mr. Mullen presented a map showing the area.

Ken Sendelweck made a motion to recommend to the City Council to vacate a public alley as presented. Jeff Theising seconded the motion. Motion approved, 7-0.

PETITION TO VACATE PUBLIC RIGHT OF WAY – SCHLACHTER ST. (A-270)

Mark McConnell, representing Hoosier Hills Credit Union, John Habig, and Daniel & Ann Hasenour, came before the Board to request the vacation of a public right of way between 30th St. and 31st St. The street was platted, but it was never put in by the City. Mr. McConnell said all of the abutting landowners have petitioned for the vacation.

There is a public water main, a sewer line, and aerial electric lines on the property, and the managers said they need to maintain utility easements.

Mike Schwenk made a motion to recommend to the City Council to vacate the public right of way on Schlachter St. as presented, retaining 40 ft. easement rights. Mike Harder seconded the motion. Motion approved, 6-0. Ken Sendelweck abstained from the vote.

REQUEST FOR SEWER EXTENSION – STATE ROAD 164 (A-355)

Brad Schnarr, representing Larry Olson and Annette Recker, and Alberta Mervin, came before the Board to request an extension of the existing wastewater force main to 5 lots on State Road 164, outside of the City limits. Mr. Schnarr presented a map showing the area.

Sandy Hemmerlein reminded Mr. Schnarr that they would be part of the sewer project, which requires them to pay the monthly debt service fee, purchase a grinder pump, pay the availability fee, and sign an annexation waiver. Mr. Schnarr said they were aware of the requirements.

Mr. Schnarr stated the name of the 3 lot subdivision for Larry Olson and Annette Recker would be Siesta Sunset Hills, and the 2 lot subdivision name for Alberta Mervin would be Countryside Estates 1st Addition.

Jeff Theising made a motion to approve the extension of the sanitary sewer to the 5 lots as presented, subject to signing the annexation waivers. Ken Sendelweck seconded the motion. Motion approved, 7-0.

REQUEST FOR WATER & SEWER EXTENSION – NORTHBROOK PARK II (A-489)

Ken Brosmer, representing Kerstiens Corp., came before the Board to request the extension of water and sanitary sewer service to 14 lots (Lots 19-32) in Northwood Village, outside of the City limits. Mr. Brosmer said the new subdivision would be named Northbrook Park II. Mr. Brosmer presented a map showing the area.

Mike Oeding and Tom Lents said they had no problem with the extension requests.

Sandy Hemmerlein said the residents would be required to pay the availability fee, and sign an annexation waiver for sewer connections.

Ed Kreilein made a motion to approve the water and sewer extension request to 14 lots (Lots 19-32) in Northbrook Park II, subject to signing the annexation waivers. Mike Harder seconded the motion. Motion approved, 7-0.

RESULTS OF SCADA SYSTEM QUOTE OPENING (A-598)

Jerry Schitter stated that after reviewing the Scada System quotes opened at last months meeting, the apparent low quote was from C3-ILEX, but after tallying the base bid and the options, which should have been included in their base bid, their quote totaled \$83,900.00, instead of the original quote of \$58,800.00.

The actual low, most responsive quote was from QEI, Inc. from Springfield, NJ for \$79,274.00.

Schitter recommended awarding the contract to QEI, Inc. for \$79,274.00, contingent upon the contract terms and insurance requirements.

Alex Emmons made a motion to accept the quote from QEI, Inc. for \$79,274.00, based upon Jerry Schitter's recommendation. Mike Schwenk seconded the motion. Motion approved, 7-0.

Schitter expressed his thanks to Wayne Hopf and Jim Stallman for reviewing the Scada System quotes.

POWER SUPPLY CONTRACT (A-637)

Jerry Schitter reminded the Board that the present power supply contract with Vectren will expire at the end of the year and said we need to be moving forward on getting a new power contract.

Schitter said Vectren has shown interest in a 1-year extension to the present contract, with an increase that preliminarily seemed to be reasonable. Schitter said he doesn't have any figures to divulge, but in checking the market base he believes this would be substantially lower at this time than what is out in the market.

Schitter asked for approval to pursue negotiations with Vectren to extend the present contract by 1 year, while meeting with the Electric Planning Committee, and verifying the market base prices to make sure the proposal by Vectren would be below market base. He hopes to present the proposal to the Board at the June meeting.

Ken Sendelweck made a motion to allow Jerry Schitter to pursue negotiations with Vectren for a 1-year contract extension, working with the Electric Planning Committee, and verifying the market base prices. Mike Schwenk seconded the motion. Motion approved, 7-0.

COAL BID RESULTS (A-669)

Windell Toby stated he received 2 coal bids; Phoenix Natural Resources for \$49.00 per ton, and Solar Sources for \$50.00 per ton.

Sandy Hemmerlein said PNR had already given us a bid of \$49.00 per ton, and the Solar Sources bid was the only bid opened at the last meeting. Hemmerlein reminded the Board that PNR has right of first refusal. She recommended rejecting Solar Sources bid; then the PNR contract would continue at \$49.00 per ton.

Mike Schwenk made a motion to reject the \$50.00 per ton bid from Solar Sources. Alex Emmons seconded the motion. Motion approved, 7-0.

MAINTENANCE REPORT ON POWER PLANT (A-739)

Windell Toby gave a brief report on the maintenance at the Power Plant.

The asbestos removal project has been completed and new siding has been installed.

The replacement of 34 tubes in the rear wall of the boiler has been completed.

The steam turbine overhaul has been completed.

The rotor of the generator is currently at NEC in Columbus, OH for repairs and while dismantling the rotor they discovered the copper is too deteriorated to reuse. Normally the copper is cleaned and reused, but Toby said NEC recommended installing all new copper.

Toby said the original contract price for dismantling, cleaning, and putting it back together using the existing copper was \$204,775.00 with an 8-week timeframe. Since the existing copper can't be used, the price would increase an additional \$267,760.00, for a total price of \$472,535.00. Toby said replacing the copper would add 12 weeks to the original 8-week timeframe, which would push delivery of the rotor to approximately the end of September.

Toby said he planned on going to Columbus this week to observe the damage. Ken Schultz suggested taking along an engineer to observe and document the damage. Chairman Krodel recommended taking pictures and documenting the findings of the visit.

Toby reported the stator repairs have been completed. The infrared test showed 1 coil had a 2-degree variance from the others, which Toby was told was normal. The "high pot" test showed no problems.

Mike Schwenk made a motion to approve an additional \$267,760.00 for the replacement copper in the rotor, pending an inspection trip to NEC. Ken Sendelweck seconded the motion. Motion approved, 7-0.

ELECTRIC PLANNING COMMITTEE REPORT (B-97)

Mike Schwenk, Chairman of the Electric Planning Committee, stated they will be scheduling a meeting to review the electric market pricing.

UPDATE – STATE ROAD 56 PROJECT (B-101)

Mike Oeding informed the Board that the water pit is in place and the area has been reseeded.

Oeding thanked the Street Dept. for extending the curb past the pit and doing the paving.

UPDATE – NEWTON ST. WATER TOWER PROJECT (B-109)

Mike Oeding informed the Board that Diversified Coatings has started setting up the shroud. Sandblasting equipment has been moved in. They have started dismantling the shed in front of the tower.

Oeding said there were a few problems; there was an existing 8" overflow instead of a 12" as specified, and the wrong size hatch was installed, but they are correcting the problems.

Depending on the weather, they will probably start on the inside of the tank.

SLUDGE REMOVAL (B-136)

Mike Oeding informed the Board that Lechner's has started removing sludge from Sludge Facility #1.

INACCESSIBLE GAS METERS (B-145)

Mike Oeding informed the Board that while changing out gas meters to radio read, they discovered approximately 12-14 gas meters that are inaccessible due to decks, sheds, etc. built around the meters.

Oeding said it is a safety concern because the gas meters can't be turned off easily in case of fire. The meters also need to be accessible when doing a leak survey.

Oeding said he would be sending out letters asking residents to contact the Gas Dept. within 30 days to work out an arrangement to make the meters accessible.

Alex Emmons made a motion to allow Mike Oeding to send letters to customers with inaccessible gas meters. Mike Harder seconded the motion. Motion approved, 7-0.

GAS PLANNING COMMITTEE REPORT (B-192)

Alex Emmons, Chairman of the Gas Planning Committee, reported the committee met at 6:30 PM, prior to the Board meeting, to discuss the gas pricing alternatives. They still are reviewing the alternatives and will continue to review them until they feel they can make a recommendation at a future meeting.

WATER PLANNING COMMITTEE REPORT (B-197)

Jeff Theising, Chairman of the Water Planning Committee, stated that the committee did not meet during the past month.

REQUEST APPROVAL TO REBUILD SLUDGE PRESS (B-199)

Tom Lents informed the Board that the sludge press at the Wastewater Plant is 15 years old and needs to be rebuilt. He explained it is used during the winter months to separate water out of the sludge.

Lents said the original manufacturer, Ashbrook, Simon-Hartley from Houston, TX, would rebuild the sludge press for approximately \$100,000.

Ed Kreilein made a motion to approve the sludge press rebuild for approximately \$100,000. Mike Schwenk seconded the motion. Motion approved, 7-0.

BIDS FOR DRYING BEDS – WASTEWATER (B-250)

Ken Schultz asked Tom Lents if the bid opening for the drying beds was scheduled. Lents said he was not able to verify with Chad Hurm if the drawings and specifications were given to prospective bidders.

Sandy Hemmerlein said if the specs were sent out the bid opening date and time would already be scheduled and listed on the specs. She said she understood it was scheduled for June 6th at 1:00 PM.

WASTEWATER PLANNING COMMITTEE REPORT (B-274)

Ed Kreilein, Chairman of the Wastewater Planning Committee, stated the committee did not meet this past month.

BIENNIAL WASTEWATER RATE STUDY (B-275)

Ken Schultz stated that this fall it will be time for another biennial rate study for the Wastewater Utility. Schultz explained the biennial study is required by bond ordinance.

Schultz asked for approval to proceed with H. J. Umbaugh & Associates.

Sandy Hemmerlein said this is also the time when the Whoderville and Southwest sewer project debt service fees are reviewed.

Ken Sendelweck asked Schultz if H. J. Umbaugh is the only firm that could do the rate study.

Schultz said we have dealt with them in the past for rate studies. They are given our financial statements each month and are “on top” of the utilities at all times. Schultz said to bring in someone new would probably cost more since they would have to be brought up to speed. Schultz said he prefers to stay with Umbaugh because they are so familiar with our operation.

Schultz said we are not required to get competitive bids because it is considered a professional service.

Schultz said the rate study cost is approximately \$12,000 - \$15,000.

Mike Schwenk suggested contacting other municipalities to see if that is a comparable cost.

Chairman Krodel said Schultz should go ahead and get a proposal from H. J. Umbaugh, contact other municipalities, and bring the information back to the Board for discussion.

Ed Kreilein made a motion to allow Ken Schultz to begin setting up the biennial rate study with H. J. Umbaugh, as required by bond ordinance, but prior to entering into a contract Schultz should contact other municipalities to establish a benchmark for comparable rate study costs, and deliver those figures, along with the H. J. Umbaugh proposal, to the next meeting. Jeff Theising seconded the motion. Motion approved, 7-0.

ELECTRIC RATE STUDY (B-335)

Ken Schultz said it was in the planning stages to do an Electric Utility rate study this fall, but due to the 1-year contract extension proposal from Vectren, and due to the uncertainty in the electric market, he asked to delay it for 1 year.

Schultz said he would like to address one issue. In the current ordinance, under four of our rate classes, we have a power factor clause at 90%, and our existing contract with Vectren has a power factor clause at 100%. Schultz said he would like to amend the ordinance to equal what we are being charged by Vectren.

Jerry Schitter said in the previous contract the demand charge was based on KW, providing we met a system-wide 90% power factor. We structured our industrial rates the same way using the 90% power factor rule.

Under the present contract Jasper pays straight KVA charges for demand, which is based on 100% power factor.

Schitter recommended passing our charges from Vectren for KVA to our industrial customers at the 100% rate.

After some discussion, the Board agreed they needed to see some figures to determine the impact on the industrial customers, and decided to table the issue until then.

Ken Sendelweck suggested further discussion with the Electric Planning Committee after the figures are put together.

Chairman Krodel asked Schitter to come back with figures on the extra revenue that would be generated from the industrial customers and also figures on what the City pays in penalties to Vectren, and the investment the Electric Utility has made in adding capacitors to minimize those charges.

Mike Schwenk made a motion for Jerry Schitter and the Electric Planning Committee to take this issue under advisement. Alex Emmons seconded the motion. Motion approved, 7-0.

FINANCE COMMITTEE REPORT & PRESENTATION OF CLAIM DOCKET (B-574)

Ken Sendelweck reported the Finance Committee had met and reviewed the claims on the Claim Docket.

Also presented was a claim on behalf of Commonwealth Engineers, Inc. is the amount of \$1,815.51, representing engineering services rendered between December, 2004 and March, 2005, relating to the Titan litigation issue; and, on behalf of Harrison & Moberly, LLP in the amount of \$12,659.96, representing legal services relating to the Titan litigation issue for the Wastewater Project. SRF and BIF funds have been exhausted; therefore after Utility Service Board approval, the above referenced claims will be paid from Wastewater Funds.

The Finance Committee recommended approval of the claims as presented.

Ed Kreilein made a motion to approve the claims as presented. Mike Harder seconded the motion. Motion approved, 7-0.

ROTOR REPAIR INSPECTION VISIT (B-595)

Mayor Schmitt commented he thought it was a good idea for Windell Toby to take along a “friendly expert” in the electric generation field, possibly from Vectren, IMPA, etc., to observe and document the rotor damage.

There being no further business to come before the Board, the meeting was adjourned at 8:47 PM upon motion by Alex Emmons and second by Ed Kreilein. Motion approved, 7-0.

Attest: _____
Secretary

_____ Chairman